

## U. S. Small Business Administration 1998 Electronic Commerce Report

The Small Business Administration developed an aggressive Agency strategy to further the use of electronic commerce (EC) for our buying and selling processes. We have followed the government-wide strategic plan by (1) fostering partnerships; (2) integrating high volume services; and (3) reengineering key buying and paying functions. As the EC program is an integral part of SBA's modernization and performance plans, the Office of Administration and the Office of the Chief Financial Officer have worked in partnership to expand the opportunities for EC through a variety of applications.

### I. Fostering Partnerships

The initial focus involved development of a cohesive Agency EC strategy. The Offices of Administration, Chief Financial Officer, and Chief Information Officer worked in collaboration on the internal implementation of the electronic commerce initiative in order to meet the needs of all stakeholders. SBA as an organization has undergone a cultural change transitioning from a paper based to an electronic buying and paying process. Heightened awareness for our procurement and financial shops as well as our program offices of the significance and pertinence of this initiative was our preliminary goal.

SBA developed the Procurement Marketing and Access Network (PRO-Net), a free-of-charge, Internet based database of small business vendors. PRO-Net operates as an electronic gateway of procurement information for and about small businesses. PRO-Net profiles more than 181,000 small business, disadvantaged, 8(a) certified, historically underutilized business zone (HUBZone) certified, and women-owned firms seeking Federal prime and subcontracting opportunities.

In the summer of 1998, OFPP and SBA initiated a pilot to provide streamlined access to competitive small business through PRO-Net. Under the pilot, interested agencies have been encouraged to consider issuance of class waivers from the synopsis requirements of the FAR when acquiring services between \$25,000 and \$100,000 from small businesses. Participating agencies in the pilot are to use PRONET to identify bids from small businesses.

## II. Re-engineering and Integrating High Volume Services End – To –End

### Credit Card

In 1995, SBA laid the groundwork for implementation and future expansion of a successful EC program. FY 1996 saw initial SBA participation in the IMPAC Credit Card program. In that first year, SBA issued at least one card to every field office and Headquarters program office (130 cardholders). We embarked on a PR campaign to educate employees and management on the use of Government purchase credit cards, highlighting the ease of use and cost savings per transaction. In the following year SBA transitioned the program from an informal to a more formal structure. A Policy Directive mandating all micro-purchases (under \$2,500.00) be procured using the IMPAC credit card was issued. SBA cardholders increased by 72%. The Agency also encouraged IMPAC credit card use for larger orders from GSA schedules. In a somewhat radical move, SBA pulled purchase order warrant authority from the field offices forcing all purchasing (within their transactional dollar limit) to be made using the credit card. As a result, dramatic increases in credit card transactions and total sales were realized in 1998. Credit card use is continuing to increase for purchases as well as other activities like payment of invoices and intra-governmental transfers. The history of credit card usage for the SBA is detailed in the chart below:

	<u>Cardholders</u>	<u>Transactions</u>	<u>Sales</u>
96	130	2186	\$ 585,548.00
97	226	9744	\$2,559,466.17
98	289	19034	\$8,184,330.66

For several of SBA's largest vendors, SBA has established specialized procedures wherein we receive invoices electronically and make daily payment electronically. This is beneficial to both parties. SBA where and when appropriate makes payment on contract invoices using the government smart cards. SBA is striving for a 90% overall compliance rate with the Debt Collection Improvement Act's EFT requirement. Other than in those cases where it would be a hardship for small business or one-time vendors to set up an ACH arrangement, we are striving for 100% compliance.

### III. Reengineering Key Buying and Paying Functions

SBA has utilized the FACNET and CBDNET to facilitate our contract formation and administration process. In FY 98, SBA issued 13 public RFQ's on FACNET for a total of \$332,353 in contract dollars. There were 56 notices posted by SBA on CBDNET in FY 98.

SBA is systematically reviewing all aspects of its buying and paying functions to further utilize technology to enhance electronic commerce opportunities. SBA's currently employs an automated procurement system for processing purchase orders and contracts. A priority goal of SBA in the year 2000 is to identify and implement an integrated financial management system to virtually eliminate the burdensome paper process. This initiative is consistent with the Federal Managers Financial Act and the Joint Financial Management Improvement Project. Another key goal is to identify an interface to automatically populate purchase card information into the Agency's financial system.